

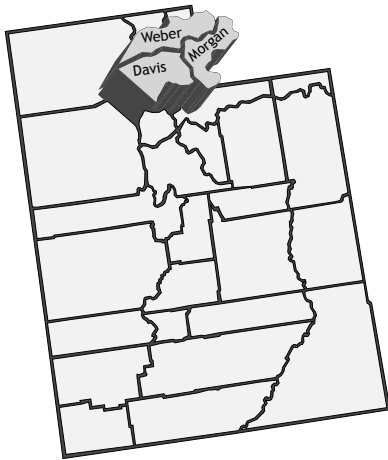
Workforce News



A quarterly publication of the Department of Workforce Services: issued March 2009

Wasatch Front North: Davis, Morgan, Weber

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A Look at Unemployment in the Region

Inside:

- **Davis:** Job growth slides and unemployment up
- **Morgan:** Jobs drop from last year and building activity falls heavily
- **Weber:** Unemployment jumps and employment skids



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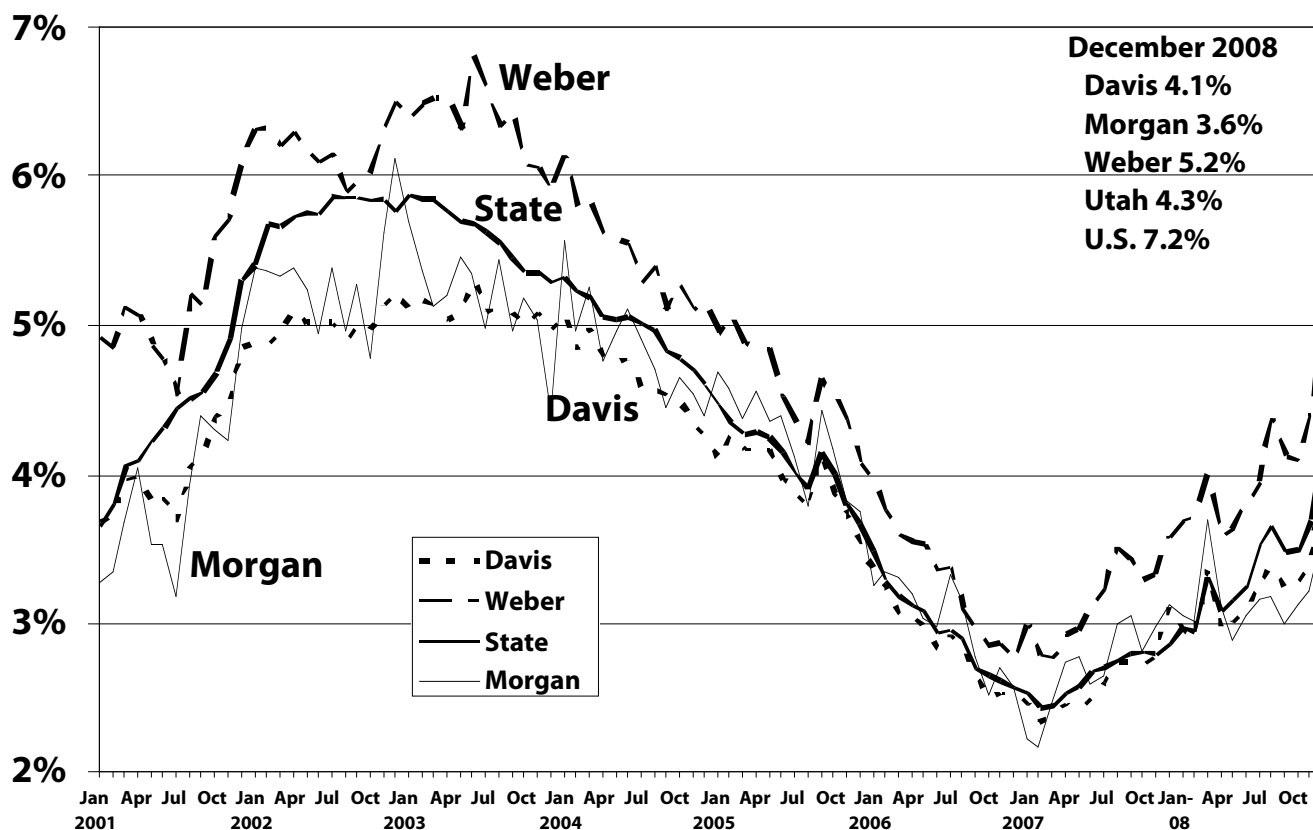
As we pass the one-year anniversary of the start of the national recession (it started in December of 2007), it's time to talk about what happens in the economy. It's not rocket science to know the economy has really slowed down. Evidence of this is in the news almost every day. There are stories that companies are laying off workers or closing down altogether and reports that consumers are not buying houses, cars, or other goods and services. What we also see are changes in buying behavior --people delaying or eliminating purchases because they are fearful of losing their jobs and the income that goes with it. Since they don't want to be in debt they avoid purchases financed by loans or growing credit card balances. Consumer perception is a critical element in the way they act, or don't act, in a recessionary economy.

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A Look at Unemployment in the Region (continued)

State, Davis, Morgan, & Weber County Monthly Unemployment Rates*



*Seasonally Adjusted.

Source: Utah Department of Workforce Services

In a recession, as now, unemployment is rising. Remember the unemployment rate is calculated by dividing the number of unemployed by the civilian labor force (employed plus the unemployed). We're used to unemployment rates of much less than 5 percent. That's pretty low. Rising rates are no reason to panic. For example, let's say the state unemployment rate was 5 percent. Seem high? It's all relative. In fact, an unemployment rate of 5 percent also means that 95 percent of the work force is employed. Joblessness usually rises if consumers don't buy. If they don't buy, busi-

nesses don't sell, and if there are no sales then businesses don't need workers to make the product that's not selling. The point is consumers are the driving force in our economy. Currently about seven out of every ten dollars of Gross Domestic Product (GDP) is consumption. Continuing the discussion, when goods and services are not being purchased by consumers, what else happens? In addition to the loss of revenue to state and local governments from lower personal income and corporate taxes, is the loss of sales tax revenue, an important source for local government. When

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A Look at Unemployment in the Region (continued)

federal, state, and local governments don't have the dollars they planned on, government spending has to be curtailed. We are seeing that loss of revenue now in Utah (and across the nation) as state and local governments try to cope with shortfalls in revenue while trying to maintain the level of services demanded by the public. Education, because it is the single largest budget expense, is looking at a double-digit percentage cut in funding for the next fiscal year (after already having cut current budgets to the bone).

Now back to the "recession" discussion, but this time with a less emotional and more empirical perspective. Yes, we are in a recession. Is it scary? Yes. Will it be with us for a while? Yes, but hopefully not too long. We know the country is in a recession because the National Bureau of Economic Research told us so. They told us in November (2008) that we had been in a recession since last December (2007). How do we in Utah know we're in a downturn? We primarily use two economic measures to help determine if the state is in a recession, or approaching one. The first indicator is the loss of jobs. This is measured as a year-over change in non-farm employment. When the job growth rate is negative and continues for months, this is a harbinger of recession. Another measure we also use is the level of joblessness—the unemployment rate. It represents the proportion of persons in the labor force (employed or unemployed) that are looking for a job but can't find one.

In Utah we have enjoyed an expanding economy since about 2002, when we experienced a short downturn starting with the dot com crash and exacerbated by the September 11 terrorist attacks. An expanding economy is represented by job growth rate and declining unemployment rates. The graph shows monthly unemployment for the state and the three Wasatch North Region counties. Since the 2002 downturn, Utah, and its counties, have experienced what is considered "full employment." This means that virtually everyone that wanted a job could find one. Currently, with the near collapse of the financial markets, this has all changed. Let's look at Davis, Morgan, and Weber counties.

Davis County, since 2001, has felt the least impact of the economic downturn of the three counties. At the dot com recession's peak the county's unemployment rate hovered around the 5 percent level for nearly two years (see the graph). When the recovery started, unemployment dropped and continued to slide to the low of 2.3 percent in February 2007. Davis County had been somewhat insulated from the real negative effects of the downturn because of its active government sector (primarily Hill Air Force Base), trade, and services businesses. The county did, however, have some layoffs in manufacturing in the last two years. Since unemployment bottomed out at 2.3 percent in early 2007, the level of unemployed has risen to the current (December 2008) figure of 4.1 percent. Still, 4.1 percent is low and in many instances would be considered an economy at full employment.

Lightly populated Morgan County, as with any of the relatively small counties in the state, has had its ups and downs in terms of the unemployment rate. That is partly a function of changes in smaller numbers that result in large percentage changes. During the 2002 to 2004 period, the ebbing economy in the county created unemployment at rates between 5 and 6 percent. As the market improved after 2004, unemployment dropped like it did in other counties to levels below 3 percent --a very low rate. Unemployment dropped to a low of 2.2 percent in both January and February of 2007, down from the peak of 6.1 percent in December of 2002. Since early 2007, the rate of joblessness has risen to 3.6 percent in December of 2008.

The higher unemployment rates have been in the more manufacturing-dominated economy of Weber County. Weber has experienced higher joblessness than any of the metro counties in Utah. Since 2001, Weber County's unemployment rate has exceeded the state rate in every month. This is more evidence of the county's reliance on the good-paying but economic-cycle-sensitive manufacturing sector. In the dot com led and terrorist attack-aggravated recession early in the decade, the unemployment levels in Weber County were between 6 and 7 percent (2002 to

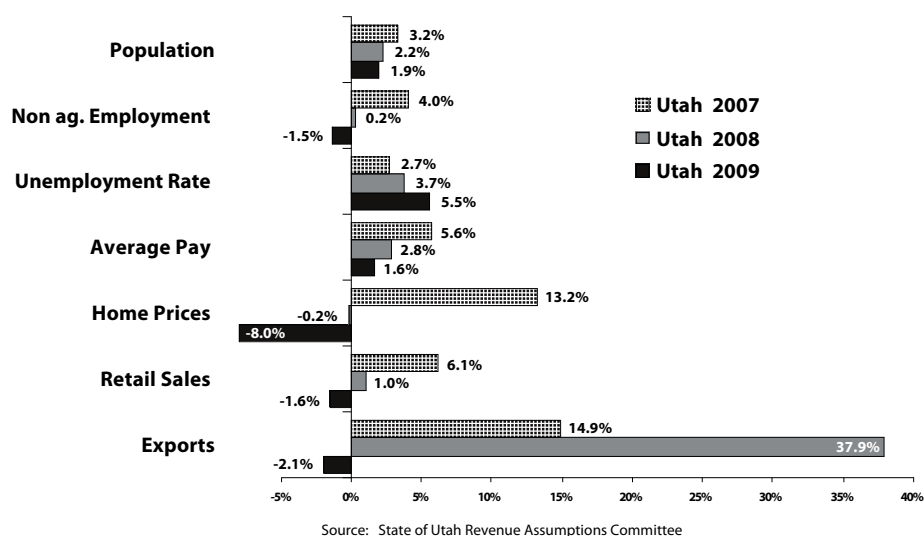
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A Look at Unemployment in the Region (continued)

2004). Unemployment peaked in June of 2004 at 6.9 percent, a full percentage point above the state rate at the time. Unemployment fell steadily, with a few blips, to the 2.8 percent level in February and March of 2007. Since then, the economy has slowed and workers have lost their jobs. The most recent figure of 5.2 percent (December 2008) was a 0.8 percent jump from a November figure of 4.4 percent. Even though 5.2 percent seems high, it's well below the national unemployment rate of 7.2 percent.

Where do we go from here? All the economic indicators point toward more of the same, continued shedding of jobs and higher unemployment rates over the next few months, or longer. Utah, and particularly the Wasatch North Region, is not immune to the economic pressures affecting the state and the nation. This funk, however, will not last forever as economic adjustments are made by the market with added stimulus coming from the federal government, whose intent is to spark confidence and growth. **WPN**

Utah Economic Indicators: 2007-2009



What's Up?

Morgan County. Change is coming faster to this sheep-shearing valley than any other corner of Utah. For the next half-century, demographers say, Wasatch Front commuters will spill over these mountains in a statistical wave that pulses as fast or faster than the St. George area. With nearly 10,000 residents today, Morgan County swelled by about 4 percent last year.

— *Salt Lake Tribune*

Lifetime Products Inc., the manufacturer of folding tables and chairs, basketball goals and other products, said that struggles in the retail sector have forced the company to cut 40 jobs from its professional staff. The decision comes after Lifetime laid off about 150 production employees in November.

— *Standard Examiner*

The national recession has made its way to the **Davis Applied Technology College** in Kaysville, where 15 administrative jobs have been cut despite rising enrollment. And the **Ogden-Weber Applied Technology College** is expected to go through a similar downsizing.

— *Standard Examiner*

County News

Davis County News

Each of the three months in third quarter 2008 showed year-over declines in jobs. Employment was off by -0.3 to -0.6 percent. Unemployment during the fourth quarter was also up. On the job side, about 670 positions were lost in the year-over comparison. That's a net figure -- construction actually dropped 1,480 positions and manufacturing was down 440 jobs. Service-producing industries added some 1,200 workers (September). Wholesale trade added 270 workers, as did business services. Healthcare was the largest contributor with 650 new additions. Federal government was down 640 and local government increased by 400. Unemployment in December for the county was 4.1 percent, up significantly from the 3.5 percent figure in November. Building activity in third quarter continued its dramatic slide. Permits for new dwelling units was down 52.6 percent from a year ago. Total valuation of construction also was way off, by 39 percent. Spending during third quarter declined by 5.8 percent. The county is definitely feeling the effects of the economic malaise.

Morgan County News

The county lost jobs in each of the three months of third quarter 2008. Jobs were down from 5.7 percent to 7.3 percent. This means in each of the three months over 100 jobs were dropped from payrolls compared to the same period in 2007. Concurrent with this was an increase in the unemployment rate to 3.6 percent in December 2008. Only two industry sectors added jobs in September. They were manufacturing (10) and local government (45). Third quarter did not fare well in the building industry. Both the number of permitted dwellings and total valuation of construction was down 60 percent from third quarter of 2007. Spending in the county was off, but not by much—2.3 percent. Morgan County continues to experience the negative effects of an ebbing economy.

Weber County News

Jobs continue to decline in the county. In each of the three months of third quarter at least 500 positions left payrolls. September was the worst with 820 fewer jobs than last year at this time. These declines represent job loss rates of 0.5 percent to 0.9 percent. Unemployment was up through third and fourth quarter of 2008. In fact, the unemployment rate between November and December of 2008 jumped from 4.4 percent to 5.2 percent. Job losses were felt in each of the following industries: construction (1,100); manufacturing (140); business services (560); and accommodations and food services (260). Increases in jobs did occur in retail trade and transportation; healthcare (390); federal government (330); and local government (230). Building activity was off but not as much as most counties. Permits for dwellings were down 13 percent and total valuation of construction declined 11 percent from third quarter of 2007. Consumer spending was off in third quarter, to the tune of 10.4 percent reflecting the general slowdown and possibly the lack of consumer confidence. Economic activity is certainly waning in Weber County. **WFN**

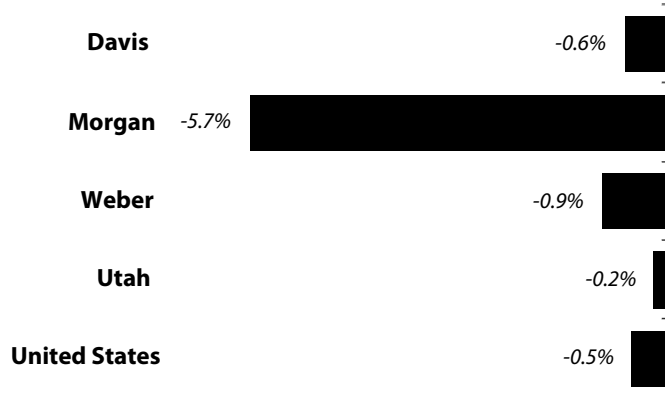
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For more employment information about your county go to:

<http://jobs.utah.gov/countyinfo>

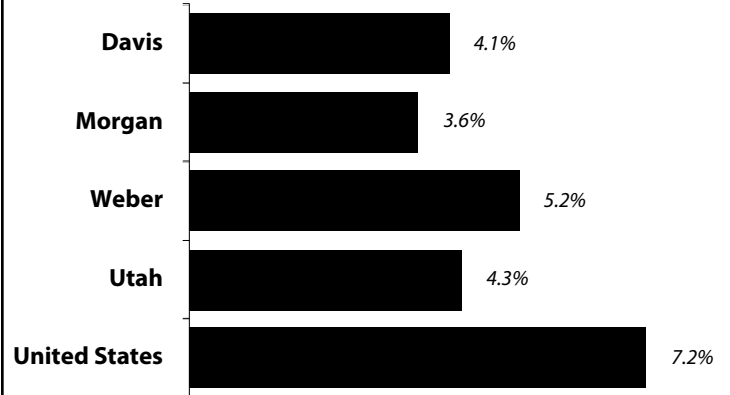
Select your county, then go to Labor Market Indicators in the right-hand margin.

Percent Change in Nonfarm Jobs September 2007 to September 2008



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Seasonally Adjusted Unemployment Rates December 2008



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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